

AUDIT COMMITTEE CHARTER

A.C.A. § 24-7-303

1. There shall be an Audit Committee composed of three members of the ATRS Board of Trustees appointed by the Board Chair and two at-large members from the public with extensive auditing experience approved by the Board. The at-large members must be independent and have no affiliation with the system.
2. The committee shall meet as needed on call by either the committee chair or the ATRS Internal Auditor. Actions taken by the committee shall be reported to the ATRS Board of Trustees.
3. The committee has authority to conduct or authorize investigations into any matters within its scope of responsibility and to seek any information it requires from employees, all of who are directed to cooperate with the committee's request. In the event the committee has difficulty obtaining the necessary information from an employee or employees, the committee may seek assistance from the Executive Director or the Board of Trustees as the circumstances dictate.
4. The committee may invite members of management, auditors, employees, or others to attend meetings and provide pertinent information as necessary.
5. The committee will assist the Board of Trustees in fulfilling the Board's oversight responsibility relating to:
 - A. The financial reporting processes
 - B. The system of internal controls
 - C. The internal audit process
 - D. The System's compliance with laws and regulatory requirements and ethics policies
6. Meeting agendas will be prepared and provided in advance to committee members , along with appropriate briefing material when practical.
7. The committee may act by majority consent of all the members of the committee.
8. Minutes of the meeting will be prepared and presented at the next scheduled Audit Committee meeting for review and approval.

9. The committee will carry out the following responsibilities:

A. Financial Statements.

- i. Review with management and auditors the results of audits which have significant findings and recommendations, together with management's responses to findings and follow up on corrective actions.

B. Internal Control.

- i. Review the risk assessment to consider the effectiveness of the system's internal controls.
- ii. Review with management and auditors any significant findings and recommendations on internal controls over financial reporting, together with management's responses.

C. Internal Audit.

- i. Review with management and the Internal Auditor the charter, activities, staffing, and organizational structure of the internal audit function.
- ii. Review and approve the audit plan and all major changes to the plan.
- iii. Review Internal Audit's reports and follow up on findings and recommendations.

D. Compliance.

- i. Review the findings of any examinations by regulatory agencies, and any auditor observations.

E. Reporting Responsibilities.

- i. Regularly report to the Board of Trustees on the committee's activities and issues that arise with respect to the quality or integrity of the system's financial statement, compliance with legal or regulatory requirements, and the performance of the internal audit function.

F. Other Responsibilities.

- i. Perform other activities related to this charter or the audit functions as requested by the Board of Trustees.

- ii. Resolve any disagreements between management and the Internal Auditor regarding financial reporting.
 - iii. Review and assess the adequacy of the committee charter, and propose recommended changes as needed, and request Board of Trustees approval for recommended changes.
10. The committee may periodically evaluate itself and report the results to the Board of Trustees. The effective date for the start of any evaluation process and frequency of evaluations may be determined by the committee.

Adopted: December 3, 2007
Adopted by Board: April 2, 2012
Amended: May 2, 2012
Effective: September 4, 2012